

VZCZCXRO8783
PP RUEHDE
DE RUEHDO #0024/01 0091311
ZNY SSSSS ZZH
P 091311Z JAN 08 ZDK
FM AMEMBASSY DOHA
TO RUEHC/SECSTATE WASHDC PRIORITY 7455
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUEHHH/OPEC COLLECTIVE
RUEHAM/AMEMBASSY AMMAN 0631
RUEHSW/AMEMBASSY BERN 0060
RUEHEG/AMEMBASSY CAIRO 0744

S E C R E T SECTION 01 OF 04 DOHA 000024

SIPDIS

SIPDIS

DOE FOR KATHRYN COLAHAN

E.O. 12958: DECL: 01/08/2018

TAGS: [ENRG](#) [PREL](#) [QA](#)

SUBJECT: SCENESETTER FOR SECRETARY BODMAN'S JANUARY 21-22
VISIT TO QATAR

DOHA 00000024 001.3 OF 004

Classified By: Charge d'Affaires Michael A. Ratney,
for reasons 1.4 (b) and (d).

¶1. (C) Embassy Doha welcomes your January 21-22 visit to Qatar. You last met with Deputy Prime Minister/Minister of Energy and Industry Abdullah Al-Attiah in Rome in November ¶2007. Prior to that, he visited you in Washington in May 2007, and you saw him in Doha in April 2006 and November ¶2005. Although not a member of the ruling Al Thani family, he is capable, influential, and extremely close to the Amir. Al-Attiah led the development of his country's energy sector and is the ultimate authority on energy contracts and oil and gas development in Qatar.

A STRATEGIC PARTNER IN ENERGY...

¶2. (C) Qatar is exceptionally friendly to U.S. energy companies and appreciates the competence and expertise they bring to the country's economic development. Since 1999, there has been USD 60 billion in foreign investment in Qatar's energy sector with the majority, about USD 40 billion, coming from U.S. firms, including ExxonMobil, ConocoPhillips, Anadarko, and Occidental. From an energy security perspective, Qatar is enormously important to the U.S. Soon, nearly 20 percent of ExxonMobil's global revenue will derive from Qatar. This small emirate will next year become a major supplier of LNG to the U.S. following the recent CFIUS approval of \$2.2 billion development by Qatar Petroleum, ExxonMobil and ConocoPhillips of the Golden Pass LNG terminal in southeast Texas. Eventually Qatar will become the U.S.' largest source of imported LNG.

¶3. (U) Qatar is already the world's largest exporter of LNG and at over USD 60,000, Qatar's per capita income is now ranked in the top five in the world, alongside Luxembourg and Liechtenstein. The country has plans to invest an additional USD 70 billion in its natural gas sector and expand production through 2012, when a self-imposed moratorium on North Field development begins. But by then, LNG exports will more than double. Despite the focus on LNG, oil still accounts for nearly half of Qatar's energy earnings. The GOQ estimates Qatar's oil reserves at 27 billion barrels. Daily average production is currently estimated to be 806,000 barrels per day; at current production rates, oil reserves are expected to last 20 to 60 years. Moreover, the introduction of new technologies by U.S. and other companies

is extending the life of existing fields.

... AND A VITAL MILITARY RELATIONSHIP

¶4. (S) Beyond the energy relationship, the U.S. has a lot at stake in Qatar. Al-Udeid Air Base and other U.S. military facilities are critical to CENTCOM operations from Iraq to Afghanistan to the Horn of Africa. Qatar hosts approximately 9,000 U.S. forces, some 100 U.S. and Coalition aircraft, as well as the CENTCOM ForwQd Headquarters, the Combined Air Operations Center, SOCCENT Forward Qadquarters, and other important DOD facilities. Qatar is Qunding hundreds of millions of dollars in construction for the U.S. at Al-Udeid Air Base. Our hosts had no objection to stationing B1 bombers here, regularly send military personnel to the U.S. for training, and after years of sourcing their military hardware in Europe, are showing increasing interest in buying American, with a major sale of C-17 aircraft first on the list.

COMMITMENT TO EDUCATIONAL REFORM, RULE OF LAW

¶5. (C) Beyond strong military and energy relationships, there is a lot going right in Qatar from the U.S. perspective. Qatar's commitment to modernize its educational system is exemplified by Education City, a 2500-acre campus on the outskirts of Doha. Managed by the Qatar Foundation, the umbrella organization chaired by the Amir's wife, Sheikha Mozah, Education City is home to five U.S. college branch campuses (Texas A&M, Carnegie Mellon, Weill-Cornell Medical School, Georgetown School of Foreign Service, and Virginia Commonwealth University), with some 800 students currently

DOHA 00000024 002.3 OF 004

enrolled. Northwestern University in late 2007 announced its intention to establish a school of journalism. Meanwhile, primary and secondary school curriculum is being reformed along U.S. standards and a network of competitive charter schools is gradually replacing out-moded government-run schools. And rule of law, if not full democratization, is taking root firmly, though slowly.

TROUBLESOME POLITICAL RELATIONSHIP

¶6. (S) Although our relationship with Qatar remains solid in the energy, military and educational fields, politically it has soured steadily since the beginning of Operation Iraqi Freedom. This trend began with Al Jazeera's harshly biased coverage of OIF in 2003, but it has been Qatar's foreign policy initiatives - and its maddening behavior on the UN Security Council for the past two years - that really drove the deterioration. In addition, our bilateral counter-terrorism and intelligence cooperation - of obvious critical importance in this region - is now the worst of all GCC states. Meanwhile, the senior Qatari leadership appears to have grown jealous of our relationships with regional rivals and annoyed that we don't give Qatar more attention, including senior-level visits and visibility in our own regional initiatives. The Amir was unavailable to meet with Secretary Rice during the UN General Assembly last fall but

SIPDIS

did manage to meet with the Iranian President. Later in the year, HBJ chose not to attend the Annapolis Conference.

¶7. (S) Mere mention of Qatar to our regional allies raises their ire, even though we have seen no smoking gun for most of their accusations. Our own list of grievances with Qatar is long enough, but at the core are its high-level engagement with Hamas leaders even as we seek to isolate them; support

for Syria and its allies in Lebanon as we work to support the democratic majority; serving as a flak for Sudan and Hezbollah during its just-ended stint on the UN Security Council; and a failure to follow through on its stated commitment to forgive Iraqi debt.

¶8. (S) Iran also hangs heavily over the relationship; Qatar believes we may have plans for Iran, perhaps even military plans that we are not sharing with them. During its 2006-07 tenure on the UN Security Council, Qatar cast the consensus-breaking (14-1) vote on Resolution 1696 in July 2006. (Qatar later joined consensus in two unanimous votes, UNSCR 1736 and UNSCR 1747, to impose sanctions on Iran's nuclear program.) Qatar does share our concern about Iran's nuclear program and revolutionary ideology, but Qatar's geographic proximity, vulnerability of its energy installations, and the fact that its massive off-shore gas reserves are shared with Iran, dictate a less confrontational approach.

¶9. (C) We nevertheless believe the Qatari leadership regards our relationship as strategic and permanent, and they see the military bases, energy contracts, and U.S. universities as evidence of this. But at this point, the Amir and his Prime Minister/Foreign Minister Hamad Bin Jassim Bin Jabor Al Thani (HBJ) are likely waiting out the Administration hoping that bilateral relations improve in 2009.

MAIN THEMES OF YOUR VISIT

¶10. (S) Visits like yours help enormously to sustain the positive aspects of our bilateral relationship. Qatar has always responded well to high-level contact; likewise, isolating Qatar has only had a negative effect on its behavior. From Embassy Doha's perspective, we recommend you pursue the following objectives:

-- (C) Reaffirm the high value we place on our bilateral energy relationship, both as a partner for U.S. investment and a future source of LNG. Reassert that although the CFIUS review may have been a painful process for Qatar Petroleum, the U.S. is absolutely committed to being a friendly destination for Qatari investment.

-- (S) Urge Qatar to take bold action to address shortcomings in the security of its critical energy infrastructure. The

DOHA 00000024 003.2 OF 004

GOQ has shied away from cooperating with the U.S. in the context of Critical Energy Infrastructure Protection (CEIP). An interagency team visited Qatar last year to begin initial CEIP discussion. In September, we were told that the GOQ was waiting for the conclusions of a private sector study (which we know unofficially to be from Giuliani Safety and Security) before engaging us on these issues. The Giuliani study was completed months ago. However, the GOQ has yet to express an interest in engaging with us. We recommend that you point out to Al-Attiah, as we have done elsewhere, that USG resources can complement the work and recommendations of private consultants.

-- (C) Solicit Al-Attiah's views on development of renewable energy. You will find that Qatar is a willing partner and advocate for renewable energy strategies and promoting advanced technologies in the hydro-carbon sector, and Al-Attiah will welcome your views on how the U.S. proposes to move forward in reducing dependency on oil and gas and addressing economic development/climate change concerns.

-- (S) Probe the U.S. representatives for Qatar's thinking on exploiting further the North Field. The breakfast with representatives of the major U.S. energy companies January 22 will guide your discussions with Al-Attiah later that morning on what role U.S. companies can play in expanding

investment and cooperation. We would like a sense from Al-Attiyah of GOQ views on extracting more natural gas from this area beyond the 2012 moratorium and on the nature of their coordination with Iran - if any - on this sensitive subject.

-- (C) Encourage Al-Attiyah (and Minister of Finance Kamal, should you have the opportunity) to refrain from unhelpful public statements about depegging the dollar and OPEC pricing. GOQ officials assure us privately that they share our views but often strike a more dissonant note in public.

ADDITIONAL BACKGROUND

¶11. (C) For additional background, following are details on other key issues in Qatar and aspects of our bilateral relationship.

¶12. (SBU) TRAFFICKING IN PERSONS: The dark underbelly of Qatar's spectacular energy-driven growth is the abysmal working conditions of the thousands of Asian and South Asian workers brought here to build the country's roads and modern high-rises and provide the services and manual labor that Qataris never will. Along with most of its Gulf neighbors, Qatar was downgraded last year to Tier 3 in the annual Trafficking in Persons report. While there is growing sensitivity to the issue at senior levels, many influential Qataris -- led by the prosperous but competition-free business community -- strenuously resist anything that smacks of liberalizing labor and immigration laws, fearing an erosion of their privileged position in a country where they constitute at best one fifth of the population.

¶13. (C) IRAQ: The Amir shares our view that restoration of order and a successful democratic transition are of paramount importance not only to Iraq but to the region. However, a feeling that Qatar has been excluded from regional Iraq-related diplomacy, along with a strong distaste for Iraq's Shia-dominated government, drives Qatar's resistance to follow through on some of our priorities, including comprehensive debt forgiveness. While HBJ has expressed concerns about civil war in Iraq, he has also stated publicly that the coalition needs to stay in the country to establish wider security. The GOQ is neither prepared to open an embassy in Baghdad nor send a high-level delegation there until the security situation improves dramatically.

¶14. (C) AL JAZEERA: Al Jazeera is by far the region's most prominent media outlet and the bane of many governments in the region, though no longer the irksome centerpiece of U.S.-Qatari relations. The network is more than ten years old with an Arabic-speaking audience of some 50 million viewers. In November 2006, it launched an English-language channel with a potential audience of 70 million and ambitions to compete with the major U.S. and British satellite networks worldwide. Since early last year, the USG has seen a bumpy

DOHA 00000024 004.2 OF 004

downward trend in inflammatory anti-Western bias and inaccuracy in Al Jazeera's content. Al Jazeera has increased its use of USG sources, limited its use of inflammatory terminology, and devoted more time to stories of interest in the region other than the U.S. role in Iraq. Al Jazeera's track record remains far from perfect. Unprofessional, biased, and inaccurate reporting continues to appear on its newscasts, talk shows, and website. The USG has long objected to Al Jazeera's practice of airing terrorist-provided video tapes, though the terrorists increasingly prefer to use the Internet to release these videos unedited.

¶15. (S) TERRORIST FINANCING: Qatar is often accused (by Jordan, the Palestinian Authority, and others) of funneling money to Hamas, though we have never seen clear evidence that

this is actually happening. The Qataris have been largely cooperative on counter-terrorist finance issues, apparently anxious to avoid letting their small but growing financial sector be exploited by terrorists. The Qatar Authority for Charitable Works monitors all domestic and international charitable activities and approves international fund transfers by the charities. Qatar has a Financial Information Unit that resides in the Qatar Central Bank and can review suspect accounts. Local banks work with the Central Bank and the FIU on CT finance and anti-money laundering issues, and bank officials attend U.S.-sponsored conferences on these subjects.

¶16. (U) POLITICAL REFORM: Qatar's own program of reform, launched by the Amir after he assumed power in 1995, could take a significant step forward when the government eventually holds first-time elections for its national legislature. Qatar has gone slow, seeking to establish an institution that reflects local social and political norms. The current sticking points are who will be able to vote (likely a fraction of Qatar's 186,000 citizens) and who may stand for office. HBJ has said he "hopes" that parliamentary elections will be held in 2008. Qatar's continual delay in announcing these elections may be the result of seeing how an elected parliament in Kuwait, strongly populated by Islamists, has worked against reforms initiated by the ruler. Qatari women have had the right to vote since the first election took place in the country in 1999, for the Central Municipal Council. Elections for the country's third municipal council took place April 2007, and a woman was elected with the highest number of votes in any district.

RATNEY